



# **Community Roots Charter School**

**2007-2008**

## **Annual Report**

The State Education Department  
The University of the State of New York

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Office of Instructional Support and Development  
Public School Choice Programs  
462 EBA  
Albany, New York 12234  
518-474-1762

*Charter School Annual Report  
2007 - 2008*

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**Charter School Information and Cover Page**

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Name of Charter School Community Roots Charter School

Address 51 Saint Edwards Street., 3<sup>rd</sup> Floor

Brooklyn, New York, 11205

Telephone (718) 858-1629

Fax (718) 858 - 1754

BEDS # 331300860893

District/CSD of Location 84K536

Charter Entity Community Roots Charter School

Head of School (Contact Person) Allison Keil

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President, Board of Trustees Ellen Cogut

E-mail address and Phone Number of Board President ecogut@gmail.com (718) 858 - 5933



## **Section I**

### **Student Assessment Data**

1. Student Assessment Data
  - a. DRA 2
  - b. TERRA NOVA
  - c. Exit Outcome Percentages
  
2. Progress Toward Goal Attainment

Community Roots Charter School  
 Student Assessment Data  
**Developmental Reading Assessment – 2 (DRA-2)**  
 2007-2008 School Year  
 Kindergarten

Name of Test: <b>Developmental Reading Assessment – 2 (DRA2)</b>											
Date of Test (DOT)	#Enrolled on DOT	#Absent on DOT	#Exempted by IEP	#Exempted by ELL	#Students Assessed	# Students Scored <u>above</u> Expected level	# Students Scored <u>at</u> Expected level	# Students Scored <u>one level below</u> Expected level	# Students Scored <u>more than one level below</u> Expected level	Qualitative level and percent Attaining ( <i>percent on or above grade level</i> )	Other
May	50	0	0	0	50	28	14	7	1	84%	NA

Community Roots Charter School  
 Student Assessment Data  
**Developmental Reading Assessment – 2 (DRA-2)**  
 2007-2008 School Year  
 First Grade

Name of Test: <b>Developmental Reading Assessment – 2 (DRA2)</b>											
Date of Test (DOT)	#Enrolled on DOT	#Absent on DOT	#Exempted by IEP	#Exempted by ELL	#Students Assessed	# Students Scored <u>above</u> Expected level	# Students Scored <u>at</u> Expected level	# Students Scored <u>one level below</u> Expected level	# Students Scored <u>more than one level below</u> Expected level	Qualitative level and percent Attaining ( <i>percent on or above grade level</i> )	Other
May	51	0	0	0	51	31	9	3	7	78%	NA

Community Roots Charter School  
 Student Assessment Data  
**Developmental Reading Assessment – 2 (DRA-2)**  
 2007-2008 School Year  
 Second Grade

Name of Test: <b>Developmental Reading Assessment – 2 (DRA2)</b>											
Date of Test (DOT)	#Enrolled on DOT	#Absent on DOT	#Exempted by IEP	#Exempted by ELL	#Students Assessed	# Students Scored <u>above</u> Expected level	# Students Scored <u>at</u> Expected level	# Students Scored <u>one level below</u> Expected level	# Students Scored <u>more than one level below</u> Expected level	Qualitative level and percent Attaining ( <i>percent on or above grade level</i> )	Other
May	48	0	0	0	48	32	4	2	10	75%	NA

Community Roots Charter School  
 Student Assessment Data  
**Terra Nova**  
 2007-2008 School Year  
 First Grade

Name of Test: Terra Nova						Subtest: Reading				
Date of Test (DOT)	#Enrolled on DOT	#Absent on DOT	#Exempted by IEP	#Exempted by ELL	#Students Assessed	Mean Normal Curve Equivalent (MNCE)	Mean Scale Score (MSS)	Median National Percentile (MDNP)	Qualitative level and percent Attaining	Grade Mean Equivalent
FALL	52	0	0	0	52	65.7	567.5	74.7	NA	1.7
SPRING	51	0	0	0	51	57.3	604.6	58.0	82.4%*	2.6

Name of Test: Terra Nova						Subtest: Language				
Date of Test (DOT)	#Enrolled on DOT	#Absent on DOT	#Exempted by IEP	#Exempted by ELL	#Students Assessed	Mean Normal Curve Equivalent (MNCE)	Mean Scale Score (MSS)	Median National Percentile (MDNP)	Qualitative level and percent Attaining	Grade Mean Equivalent
FALL	52	0	0	0	52	62.7	564.0	66.0	NA	1.6
SPRING	51	0	0	0	51	55.9	600.7	56.0	82.4%*	2.5

Name of Test: Terra Nova						Subtest: Mathematics				
Date of Test (DOT)	#Enrolled on DOT	#Absent on DOT	#Exempted by IEP	#Exempted by ELL	#Students Assessed	Mean Normal Curve Equivalent (MNCE)	Mean Scale Score (MSS)	Median National Percentile (MDNP)	Qualitative level and percent Attaining (Combined 3's and 4's)	Grade Mean Equivalent
FALL	52	0	0	0	52	50.6	507.3	51.7	NA	1.1
SPRING	51	0	0	0	51	49.1	540.9	46.0	60.8%*	2.0

\* Percentage of students predicted to score 3 or 4 on State ELA and Math tests in 3<sup>rd</sup> Grade. Data not available for Fall administration.

Community Roots Charter School  
 Student Assessment Data  
**Terra Nova**  
 2007-2008 School Year  
 Second Grade

Name of Test: Terra Nova						Subtest: Reading				
Date of Test (DOT)	#Enrolled on DOT	#Absent on DOT	#Exempted by IEP	#Exempted by ELL	#Students Assessed	Mean Normal Curve Equivalent (MNCE)	Mean Scale Score (MSS)	Median National Percentile (MDNP)	Qualitative level and percent Attaining	Grade Mean Equivalent
FALL	49	0	0	0	49	63.2	613.4	75.0	94%	3.1
SPRING	48	1	0	0	48	54.5	625.7	56.0	75%	3.6

Name of Test: Terra Nova						Subtest: Language				
Date of Test (DOT)	#Enrolled on DOT	#Absent on DOT	#Exempted by IEP	#Exempted by ELL	#Students Assessed	Mean Normal Curve Equivalent (MNCE)	Mean Scale Score (MSS)	Median National Percentile (MDNP)	Qualitative level and percent Attaining	Grade Mean Equivalent
FALL	49	0	0	0	49	59.6	601.4	77.3	94%	2.7
SPRING	48	1	0	0	48	48.5	613.5	44.0	75%	3.0

Name of Test: Terra Nova						Subtest: Mathematics				
Date of Test (DOT)	#Enrolled on DOT	#Absent on DOT	#Exempted by IEP	#Exempted by ELL	#Students Assessed	Mean Normal Curve Equivalent (MNCE)	Mean Scale Score (MSS)	Median National Percentile (MDNP)	Qualitative level and percent Attaining	Grade Mean Equivalent
FALL	49	0	0	0	49	49.5	536.7	44.3	92%	2.0
SPRING	48	1	0	0	51	40.0	556.7	31.0	52%	2.5

\* Percentage of students predicted to score 3 or 4 on State ELA and Math tests in 3<sup>rd</sup> Grade.

Community Roots Charter School  
 Student Assessment Data  
**Percentage of Students Meeting Exit Outcome**  
 2007-2008 School Year

	<i>Average % of students meeting or exceeding the Exit Outcomes</i>		
	<b>Kindergarten</b>	<b>First Grade</b>	<b>Second Grade</b>
<b>Social/Emotional Development</b>	91%	81%	85%
<b>Physical Development</b>	94%	91%	97%
<b>ELA</b>	94%	80%	84%
<b>Math</b>	96%	87%	85%
<b>Social Studies</b>	99%	91%	99%
<b>Science</b>	97%	95%	94%
<b>Art</b>	96%	92%	95%

**Progress Toward Goals  
2007-08**

**Charter School Name:** Community Roots Charter School

**School Year:** 2007-2008

<b>Goal/Objective: Desired Level of Attainment</b>	<b>Actual Result: Observed Level of Attainment</b>	<b>Measure Used To Indicate Attainment of The Goal/Objective</b>	<b>Was the Goal/ Objective Met? (Y/N)</b>	<b>Explanation if Not Met</b>
<p><b>1.</b> 75% of students will meet or exceed state standards on New York State standardized tests by scoring in levels 3 or 4.</p>	<p align="center">NA</p>	<p>New York State Standardized Tests including ELA in 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> grades; Mathematics in 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> grades; Science in 4<sup>th</sup> Grade; Social Studies in 5<sup>th</sup> Grade.</p> <p>To insure that Community Roots is making progress towards meeting the above stated goal, we assessed students using the DRA2, and the Terra Nova. Please see Student Assessment Data.</p>	<p align="center">NA</p>	<p>During the 2007-2008 school year Community Roots Charter School served grades Kindergarten, First and Second There is no State test data for this academic year.</p>
<p><b>2.</b> The percentage of students meeting or exceeding state standards by scoring a Level 3 or Level 4 on the state's ELA and mathematics exams will exceed the respective percentages in our district.</p>	<p align="center">NA</p>	<p>The following are the percentage of students in District 13 scoring level 3 and 4 on the ELA and Math tests in 2007.</p> <p><b>Grade 3:</b> 58% - ELA, 57.4% - Math</p> <p><b>Grade 4:</b> 57.4% - ELA 70.4% - Math</p> <p>To insure that Community Roots is making progress towards meeting the above stated goal, we assessed students using the DRA2, and the Terra Nova. Please see Student Assessment Data.</p>	<p align="center">NA</p>	<p>During the 2007-2008 school year Community Roots Charter School served grades Kindergarten, First. and Second Therefore there is no State test data for this academic year.</p>

<p>3. Value Added Goal – Each student in grades k-5 will show more than one academic year’s progress on a norm referenced test from September to September</p>	<p align="center"><b>Terra Nova Results – Grade Mean Equivalents and NY Group Performance Levels</b></p> <table border="1"> <thead> <tr> <th>1<sup>st</sup> Grade</th> <th>September</th> <th>June</th> </tr> </thead> <tbody> <tr> <td></td> <td align="center"><i>Grade Mean Equivalent</i></td> <td align="center"><i>Grade Mean Equivalent</i></td> </tr> <tr> <td>Reading</td> <td align="center">1.7</td> <td align="center">2.6</td> </tr> <tr> <td>Language</td> <td align="center">1.6</td> <td align="center">2.5</td> </tr> <tr> <td>Math</td> <td align="center">1.1</td> <td align="center">2.0</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>2<sup>nd</sup> Grade</th> <th>June (07)</th> <th>June (08)</th> </tr> </thead> <tbody> <tr> <td></td> <td align="center"><i>Grade Mean Equivalent</i></td> <td align="center"><i>Grade Mean Equivalent</i></td> </tr> <tr> <td>Reading</td> <td align="center">2.3</td> <td align="center">3.6</td> </tr> <tr> <td>Language</td> <td align="center">2.5</td> <td align="center">3.0</td> </tr> <tr> <td>Math</td> <td align="center">1.6</td> <td align="center">2.5</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>1<sup>st</sup> Grade</th> <th>Reading/ Language</th> <th>Math</th> </tr> </thead> <tbody> <tr> <td>NY Group Performance Level</td> <td align="center"><i>% of Students</i></td> <td align="center"><i>% of Students</i></td> </tr> <tr> <td>4</td> <td align="center">37%</td> <td align="center">22%</td> </tr> <tr> <td>3</td> <td align="center">45%</td> <td align="center">39%</td> </tr> <tr> <td>2</td> <td align="center">14%</td> <td align="center">31%</td> </tr> <tr> <td>1</td> <td align="center">4%</td> <td align="center">8%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>2<sup>nd</sup> Grade</th> <th>Reading/ Language</th> <th>Math</th> </tr> </thead> <tbody> <tr> <td>NY Group Performance Level</td> <td align="center"><i>% of Students</i></td> <td align="center"><i>% of Students</i></td> </tr> <tr> <td>4</td> <td align="center">23%</td> <td align="center">4%</td> </tr> <tr> <td>3</td> <td align="center">52%</td> <td align="center">48%</td> </tr> <tr> <td>2</td> <td align="center">19%</td> <td align="center">37%</td> </tr> <tr> <td>1</td> <td align="center">4%</td> <td align="center">8%</td> </tr> </tbody> </table>	1 <sup>st</sup> Grade	September	June		<i>Grade Mean Equivalent</i>	<i>Grade Mean Equivalent</i>	Reading	1.7	2.6	Language	1.6	2.5	Math	1.1	2.0	2 <sup>nd</sup> Grade	June (07)	June (08)		<i>Grade Mean Equivalent</i>	<i>Grade Mean Equivalent</i>	Reading	2.3	3.6	Language	2.5	3.0	Math	1.6	2.5	1 <sup>st</sup> Grade	Reading/ Language	Math	NY Group Performance Level	<i>% of Students</i>	<i>% of Students</i>	4	37%	22%	3	45%	39%	2	14%	31%	1	4%	8%	2 <sup>nd</sup> Grade	Reading/ Language	Math	NY Group Performance Level	<i>% of Students</i>	<i>% of Students</i>	4	23%	4%	3	52%	48%	2	19%	37%	1	4%	8%	<p>Terra Nova – Administered in September and June of First and Second Grade. Please see Student Assessment Data for complete results.</p>	<p align="center">N</p>	<p>In First Grade students made 10 months progress from September to June and based on these results would make exactly 1 years progress from September to September in all three content areas. Based on these results 82% of the First Grade would be expected to score 3’s and 4’s on the New York State ELA test in 3<sup>rd</sup> Grade. It is also important to note that on average in the First Grade students are performing 6 months above grade level in Reading, 5 months above grade level in Language and on grade level in Math.</p> <p>In Second Grade students made more than one years progress from June to June in Reading, 5 months progress in Language and 11 months in Math. Based on these results 75% of Second graders are expected to score 3’s and 4’s on the State ELA test. On average Second Graders are Reading 6 months above grade level are performing on grade level in Language and 5 months below grade level in math.</p> <p>For the 2008-2009 school year we will increase the amount of time we will be working with our math specialist from 3 times per month to one time per week. We will continue to work on the development of interim assessments for math so that we can more accurately track student’s progress through out the year and trigger math intervention earlier when necessary.</p> <p>We will also begin a test prep component to our third graders schedules both during the regular school day and as part of our after school program.</p>
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				<p>We have purchased test prep materials from Kaplan to structure this work.</p> <p>In addition we have asked two Second Grade teachers not to return due to the fact that they were not able to meet the instructional expectations of Community Roots and therefore their students did not make expected progress.</p>
<p>4. Show continuous improvement on tests taken in accordance with Individualized Education Plans for students with an IEP.</p>	<p>100% of students in grades 1 and 2 showed continuous improvement on the DRA from November (first assessment administered) to May (last assessment administered).</p> <p>100% of students in kindergarten showed continuous improvement on the DRA.</p> <p>100% of students in grades 1 and 2 showed improvement from the Fall administration to the Spring administration of the Terra Nova in Reading.</p> <p>96% of students in grades 1 and 2 showed improvement from the Fall administration to the Spring administration of the Terra Nova in Math.</p>	<p>DRA-2 Assessment</p> <p>Terra Nova – Reading</p> <p>Terra Nova – Math</p>	<p>Yes</p> <p>Yes</p> <p>No</p>	<p>N/A</p> <p>N/A</p> <p>2% of students with IEPs in second grade did not show progress in Math according to the Terra Nova.</p> <p>6% of students with IEPs in first grade did not show progress in Math according to the Terra Nova.</p> <p>We will work with our math specialist to increase our math intervention program and gear it specifically to the students who are not making progress.</p> <p>Our teachers, as a part of daily math routines, and our two learning specialists, as part of weekly small group intervention sessions, will implement math interventions.</p> <p>The math program used by the school TERC Investigations, will continued to be supplemented using such resources as Sterns Math to meet students’ needs and educational goals according to their IEP and Community Roots’ Exit Outcomes.</p>
<p>5. Meet or exceed the requirements and annual goals of the No Child Left Behind Act of 2001 including Annual Yearly Progress.</p>	<p>NA</p>	<p>New York State Standardized Tests including ELA in 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> grades; Mathematics in 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> grades; Science in 4<sup>th</sup> Grade; Social Studies in 5<sup>th</sup> Grade.</p> <p>To insure that</p>	<p>NA</p>	<p>During the 2007-2008 school year Community Roots Charter School served grades Kindergarten, First. and Second Therefore there is no State test data for this academic year.</p>

		Community Roots is making progress towards meeting the above stated goal, we assessed students using the DRA2, and the Terra Nova. Please see Student Assessment Data.																																					
6. Meet or exceed CRCS exit outcomes, aligned with New York State Standards in all content areas in each grade.	<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3"><i>Average % of Students meeting or exceeding the Exit Outcomes</i></th> </tr> <tr> <th>K</th> <th>1st</th> <th>2nd</th> </tr> </thead> <tbody> <tr> <td>Social/Emotional</td> <td>91%</td> <td>81%</td> <td>85%</td> </tr> <tr> <td>Physical Development</td> <td>94%</td> <td>91%</td> <td>96%</td> </tr> <tr> <td>ELA</td> <td>94%</td> <td>80%</td> <td>84%</td> </tr> <tr> <td>Math</td> <td>96%</td> <td>88%</td> <td>85%</td> </tr> <tr> <td>Social Studies</td> <td>99%</td> <td>91%</td> <td>99%</td> </tr> <tr> <td>Science</td> <td>97%</td> <td>95%</td> <td>94%</td> </tr> <tr> <td>Art</td> <td>96%</td> <td>92%</td> <td>95%</td> </tr> </tbody> </table>		<i>Average % of Students meeting or exceeding the Exit Outcomes</i>			K	1st	2nd	Social/Emotional	91%	81%	85%	Physical Development	94%	91%	96%	ELA	94%	80%	84%	Math	96%	88%	85%	Social Studies	99%	91%	99%	Science	97%	95%	94%	Art	96%	92%	95%	<p>Community Roots Charter School Checklist Reports</p> <p>The Community Roots curriculum in all content areas is driven by the Community Roots Exit Outcomes, which are aligned with State Standards and detail what every child needs to know and be able to do in all content areas by the end of each grade. Teachers are constantly assessing children’s mastery of these Exit Outcomes through looking at student work, holding weekly reading and writing conferences and using end of unit assessments. Children’s progress at meeting Exit Outcomes is reported to parents three times per year, twice through detailed checklist reports and once a year through narrative reports. To assess whether Community Roots has met the above stated goal we have compiled the results of the Spring Checklist Reports demonstrating the percentage of students who have met or exceeded each Exit Outcome in each content area.</p>	Y	It is difficult to say whether or not Community Roots met the above stated goal because we did not indicate a target percentage to meet or exceed Exit Outcomes. Students in both grades in all content areas exceeded the goal of 75% meeting or exceeding exit outcomes, which would correlate to our target percentage for students scoring levels three and four on State tests. in 3 <sup>rd</sup> , 4 <sup>th</sup> and 5 <sup>th</sup> grades.
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Science	97%	95%	94%																																				
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7. Community	97.4% student stability	Student attrition is	Y																																				

<p>Roots will have a higher than 94.1% student stability rate, which is the student stability rate of District 13 where Community Roots is housed.</p>		<p>tracked through ATS.</p>		
<p><b>8.</b> Students will maintain a 95% or higher average daily attendance rate for the year.</p>	<p>93.7% Average Daily Attendance</p>	<p>Student attendance is tracked through ATS. Teacher's take their class attendance each morning and hand it in to the office. Attendance is entered into ATS each day.</p>		<p>Our school fell 1.3% short of meeting its target of 95% average daily attendance. However, our average daily attendance improved from the previous year by 1.3%, when our average daily attendance was 92.4%.</p> <p>For the 2008-2009 school year we will continue to implement the processes we put in place this year with a few important modifications. We will have our school aide make initial phone calls each day to all student's homes who are not in attendance and who have not called in. This year this initial phone call was made by teachers, which made it very difficult for the Co-Director to monitor if all calls were made each day. If a child is absent for two consecutive days the teacher will call home to check in and if a child is absent for three consecutive days with out explanation the Co-Director will call home and if necessary schedule a home visit with a Social Worker. In addition memos will be sent home every two weeks in homework folders detailing a child's attendance and lateness for that time period. Lastly, at our Annual Meeting with families the Co-Directors announced that one of our goals for the 2008-2009 school year is to improve attendance.</p>
<p><b>9.</b> 90% of all families indicating</p>	<p>91% of families who filled out the family survey indicated they were "very happy " with their child's</p>	<p>Family Satisfaction Surveys</p>	<p>Y</p>	

<p>“satisfied” or “extremely satisfied” as an overall rating of CRCS. CRCS will have the additional goal that parent and staff satisfaction will increase over the first five years and then stabilize at 95%.</p>	<p>education at Community Roots</p>			
<p><b>10.</b> 90% of all staff indicating “satisfied” or “extremely satisfied” as an overall rating of CRCS. CRCS will have the additional goal that parent and staff satisfaction will increase over the first five years and then stabilize at 95%.</p>	<p>80% of staff indicated they were “satisfied or “extremely satisfied” with their experience at Community Roots</p>	<p>Staff Satisfaction Survey</p>	<p>N</p>	<p>17 out of 22 of our staff indicated “Satisfied” or “Extremely Satisfied” with their overall experience at Community Roots. 5 staff members indicated “somewhat satisfied” and no staff members indicated that they were “unsatisfied” or “extremely unsatisfied.” While we did not meet our 90% goal for staff satisfaction we do feel that our small sample size skews these statistics.</p> <p>We also feel it is important to note that we have asked two staff members not to return and that three staff members are leaving for personal reasons.</p> <p><b><u>Action Plan</u></b></p> <ol style="list-style-type: none"> <li>1. The Co-Directors reviewed the staff surveys carefully looking for patterns and themes, both positive and negative.</li> <li>2. The Co-Directors held a meeting with the staff to discuss themes across the staff surveys and to give staff a chance to problem solve and work together to give feedback and come up with ways to improve the experience as a staff</li> </ol>

				<p>member at Community Roots.</p> <ol style="list-style-type: none"><li>3. This first meeting was such a success that the staff decided they wanted to hold these type of meetings three times a year during our weekly professional development time.</li><li>4. The Co-Directors have reiterated our “open door” policy and asked all staff who would like to have discussions about their surveys or other issues in a one on one setting to do so.</li></ol>
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## **Section II**

### Attrition Rate

1. Students
2. Teachers

**Charter School Student Attrition Rates  
Community Roots Charter School  
2007-08**

<b>Student Attrition Rates</b>			
	<b>2007-2008</b>	<b>2006-2007</b>	<b>2005-2006</b>
Number of students leaving for lack of transportation	0	0	NA
Number of students leaving for geographic reasons (e.g., out of state/district relocation)	2	4	NA
Number of students leaving for more restrictive special education setting	0	1	NA
Number of students leaving due to parental choice (e.g., school transfer closer to residence, local elementary school, parent convenience)	2	1	NA
Number leaving for other reasons (undetermined)	0	0	NA
Total number of students leaving.	4	0	NA
Highest Number Enrolled <i>(July 1 – June 30)</i>	152	100	NA
<b>Total Percent Attrition</b>	<b>2.6%</b>	<b>6%</b>	<b>NA</b>

**Charter School Teacher Attrition Rates  
Community Roots Charter School  
2007-08**

	<b>2007-2008</b>	<b>2006-2007</b>	<b>2005-2006</b>
Number of Classroom Teachers	14	9	NA
Number of Special Area Teachers	2	2	NA
Total Number of Teachers	16	11	NA
Total Number of Teachers Leaving	4	0	NA
<b>Total Percent Attrition</b>	<b>20%</b>	<b>0%</b>	<b>NA</b>



## **Section III**

### Fiscal Performance

COMMUNITY ROOTS CHARTER SCHOOL  
(A Not-For-Profit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

COMMUNITY ROOTS CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

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REPORT OF INDEPENDENT AUDITORS'

TO THE BOARD OF TRUSTEES  
COMMUNITY ROOTS CHARTER SCHOOL

We have audited the accompanying statement of financial position of Community Roots Charter School (the "School") (a not-for-profit corporation) as of June 30, 2008 and 2007, and the related statements of activities, and cash flows for the year ended June 30, 2008 and the period from December 9, 2005 (inception) to June 30, 2007. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior period summarized comparative information has been derived from the School's 2007 financial statements and, in our report dated September 5, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the year ended June 30, 2008 and the period from December 9, 2005 (inception) to June 30, 2007, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2008 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

  
FRUCHTER ROSEN & COMPANY, P.C.  
Certified Public Accountants

New York, New York  
October 17, 2008

COMMUNITY ROOTS CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
STATEMENT OF FINANCIAL POSITION  
JUNE 30,

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 632,232	\$ 217,246
Grants receivable	246,037	176,206
Prepaid expenses	<u>10,761</u>	<u>8,679</u>
Total current assets	889,030	402,131
Property and equipment, net of accumulated depreciation and amortization of \$37,159 and \$6,154	111,106	107,490
Restricted cash	<u>25,314</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,025,450</u></b>	<b><u>\$ 509,621</u></b>
 <b>LIABILITIES AND UNRESTRICTED NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 243,604	\$ 176,648
Refundable advances	<u>-</u>	<u>5,096</u>
Total current liabilities	243,604	181,744
Unrestricted net assets	<u>781,846</u>	<u>327,877</u>
<b>TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS</b>	<b><u>\$ 1,025,450</u></b>	<b><u>\$ 509,621</u></b>

The accompanying notes are an integral part of these financial statements.

COMMUNITY ROOTS CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
STATEMENTS OF ACTIVITIES

	<u>Year ended June 30, 2008</u>	<u>Period from December 9, 2005 (inception) to June 30, 2007</u>
<b>Revenue and support:</b>		
State and local per pupil operating revenue	\$ 1,885,510	\$ 1,020,822
Federal grants	229,502	217,414
State and city grants	30,203	186,527
Contributions and grants	148,283	417,809
Donated services	-	64,984
Interest and other income	18,763	9,728
Special events net of expenses of \$12,728	68,467	-
Total revenue and support	2,380,728	1,917,284
<b>Expenses:</b>		
Program services		
Regular education	1,208,542	1,076,586
Special education	352,245	195,193
Other programs	112,654	46,829
Management and general	236,784	255,923
Fundraising	16,534	14,876
Total expenses	1,926,759	1,589,407
Change in unrestricted net assets	453,969	327,877
Unrestricted net assets - beginning of period	327,877	-
Unrestricted net assets - end of period	\$ 781,846	\$ 327,877

The accompanying notes are an integral part of these financial statements.

COMMUNITY ROOTS CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
STATEMENTS OF CASH FLOWS

	<u>Year ended June 30, 2008</u>	<u>Period from December 9, 2005 (inception) to June 30, 2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in unrestricted net assets	\$ 453,969	\$ 327,877
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Loss on disposition of equipment	-	1,489
Depreciation and amortization	31,005	6,514
Changes in certain assets and liabilities:		
(Increase) in grants receivable	(69,831)	(176,206)
(Increase) in restricted cash	(25,314)	-
(Increase) in prepaid expense	(2,082)	(8,679)
Increase in accounts payable and accrued expenses	66,955	176,648
(Decrease) Increase in refundable advances	<u>(5,096)</u>	<u>5,096</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>449,606</u>	<u>332,739</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Purchase of property and equipment	<u>(34,620)</u>	<u>(115,493)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	414,986	217,246
<b>CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD</b>	<u>217,246</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS – END OF PERIOD</b>	<u>\$ 632,232</u>	<u>\$ 217,246</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITY ROOTS CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Community Roots Charter School (the "School") is a New York State, not-for-profit educational corporation that was incorporated on December 9, 2005 to operate a Charter School pursuant to Article 56 of the Education Law of the State of New York. The School was granted a provisional charter on December 9, 2005 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. The School is a rigorous K-5 learning community where learning is embedded in meaningful real world context where children are deliberately taught to see the connection between school and the world. Classes commenced in Brooklyn, New York, in September 2006 and in fiscal 2008 the School provided education to approximately 150 students in grades Kindergarten to second.

The School shares space with a New York City public school beginning in September 2006. The School is not responsible for rent, utilities, custodial services, maintenance and school safety services other than security related to the school's programs that take place outside the district's school day.

Food and Transportation Services

The New York City Department of Education provides free lunches and transportation directly to some of the School's students. Such costs are not included in these financial statements. The School covers a portion of the cost of lunches for children not entitled to the free lunches.

Tax Status

The School is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and a similar provision under New York State income tax laws. The School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in section 170(b)(1)(A)(ii).

Basis of Presentation

Financial statement presentation follows the requirements of Statement of Financial Accounting Standards ("SFAS") No. 117, "Financial Statements of Not-For-Profit Organizations." Under SFAS No. 117, the School is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The net assets classifications are described as follows:

COMMUNITY ROOTS CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)

Basis of Presentation (continued)

Unrestricted

Net assets of the School whose use has not been restricted by an outside donor or by law. They are available for any use in carrying out the operations of the School.

Temporarily Restricted

Net assets of the School whose use has been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the School. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets, as net assets released from restrictions

Permanently Restricted

Net assets of the School whose use has been permanently limited by donor-imposed restrictions. Such assets include contributions required to be invested in perpetuity, the income from which is available to support charitable purposes designated by the donors.

The School has no temporarily or permanently restricted net assets at June 30, 2008 and 2007.

Revenue and Support

Contributions are recognized when the donor makes a Promise to Give to the School that is, in substance, unconditional. Grants and other contributions of cash are reported as temporarily restricted support if they are received with donor stipulations. Restricted contributions and grants that are made to support the School's current year activities are recorded as unrestricted revenue. Contributions of assets other than cash are recorded at their estimated fair value.

Revenue from the state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agency.

COMMUNITY ROOTS CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the School considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The School maintains its cash in what it believes to be credit-worthy financial institutions. However, cash balances may exceed FDIC insured levels at various times during the year. The School has not experienced any losses in such accounts.

Restricted Cash

Under the provisions of its charter, the School established an escrow account to pay for legal and audit expenses that would be associated with a dissolution should it occur.

Property and Equipment

Purchased property and equipment are recorded at cost. Maintenance and repairs are expensed as incurred. All property and equipment purchased with government funding, whereas the government agency retains legal title to the long lived asset is expensed as incurred. Depreciation and amortization is provided on the straight line method over the estimated useful lives as follows:

Equipment	3-5 years
Furniture and Fixtures	7 years
Software	3 years
Leasehold Improvements	Useful life of related lease

Refundable Advances

The School records grant revenue as a refundable advance until it is expended for the purpose of the grant, at which time it is recognized as revenue.

COMMUNITY ROOTS CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Financial Information

The accompanying statements of activities and functional expenses are presented with summarized comparative information. Such prior year information is not presented by net asset class in the statement of activities or by functional category in the statement of functional expenses. Accordingly, such information should be read in conjunction with the School's 2007 financial statements from which the summarized information was derived.

NOTE 2 - GRANTS RECEIVABLE

Grants receivable consisted of federal and city entitlements and grants. The School anticipates the receivable being collected within one year.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30,:

	2008	2007
Equipment	\$ 72,168	\$ 49,345
Furniture and Fixtures	49,456	37,658
Software	26,641	26,641
	148,265	113,644
Less: accumulated depreciation and amortization	37,159	6,154
	\$ 111,106	\$ 107,490

Depreciation and amortization expense was \$31,005 and \$6,514 for the year ended June 30, 2008 and for the period December 9, 2005 (inception) to June 30, 2007, respectively.

NOTE 4 - RELATED PARTY TRANSACTIONS

One of the School's board members is also a board member of an organization that provided fiscal agent services to the School. For the period from December 9, 2005 (inception) to June 30, 2007, the School incurred \$8,857 of service fees. This organization did not provide fiscal agent services to the School during the year ended June 30, 2008.

COMMUNITY ROOTS CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 5 - REVENUE CONCENTRATION

The School receives a substantial portion of its support and revenue from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

NOTE 6 - FUNCTIONAL ALLOCATION OF EXPENSE

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expense includes those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the School.

NOTE 7 - DONATED SERVICES

Donated services are recognized as contributions in accordance with SFAS No. 116, "Accounts for Contributions Received and Contributions Made," if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Individuals have provided legal services to the School at no charge. The value of these services meets the criteria for recognition in the financial statements and is recorded at fair value. For the year ended June 30, 2008 and the period from December 9, 2005 (inception) to June 30, 2007, the value of such donated services amounted to approximately \$-0- and \$64,984, respectively. The entire value is included in program services, management and general expenses in the accompanying statement of activities.

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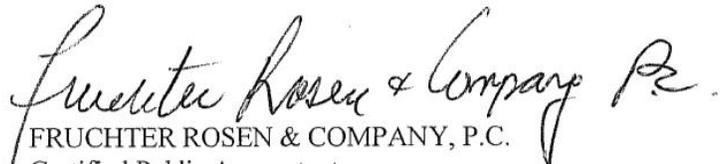
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INDEPENDENT AUDITORS' REPORT  
ON ADDITIONAL INFORMATION

TO THE BOARD OF DIRECTORS  
COMMUNITY ROOTS CHARTER SCHOOL

Our report on our audits of the basic financial statements of Community Roots Charter School (a not-for-profit corporation) for June 30, 2008 and 2007, appears on Page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

  
FRUCHTER ROSEN & COMPANY, P.C.  
Certified Public Accountants

New York, New York  
October 17, 2008

COMMUNITY ROOTS CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2008

	Program Services			Total Program Service	Supporting Services			Period from December 9, 2005 (Inception) to June 30, 2007
	Regular Education	Special Education	Supplemental Education		Management and General	Fundraising	Total	
Salaries	\$ 805,599	\$ 235,688	\$ 69,350	\$ 1,110,637	\$ 174,894	\$ 2,700	\$ 1,288,231	\$ 921,083
Benefits and payroll taxes	168,005	40,701	5,792	214,498	16,149	249	230,896	155,728
Legal fees	4,150	-	-	4,150	4,150	-	8,300	64,984
Books	18,873	4,143	-	23,016	-	-	23,016	68,547
Contracted service	-	-	35,189	35,189	-	-	35,189	24,908
Classroom supplies	10,974	2,409	-	13,383	33	-	13,416	37,117
Curriculum supplies	17,634	3,871	-	21,505	-	-	21,505	29,679
Audit and accounting fees	-	-	-	-	17,500	-	17,500	15,720
Educational consulting	18,573	4,077	-	22,650	-	-	22,650	15,116
Technology consulting	6,221	1,037	-	7,258	3,110	-	10,368	21,287
Professional services	14,678	3,222	-	17,900	5,045	-	22,945	49,148
Special education services & supplies	-	21,111	-	21,111	-	-	21,111	14,339
Insurance	21,132	6,182	472	27,786	4,588	71	32,445	31,325
Professional development	35,951	7,892	-	43,843	-	-	43,843	38,876
Telephone	574	192	-	766	1,149	-	1,915	2,412
Food service	2,581	566	-	3,147	-	-	3,147	2,035
Printing and copying	4,117	1,205	92	5,414	894	14	6,322	2,935
Student testing and assessment	5,776	1,268	-	7,044	-	-	7,044	4,526
Office supplies	3,555	1,040	79	4,674	772	11	5,457	16,474
Recruiting	-	-	-	-	585	-	585	1,996
Marketing	-	-	-	-	150	150	300	2,764
Depreciation and amortization	22,723	5,750	233	28,706	2,264	35	31,005	6,514
Loss on disposition of equipment	-	-	-	-	-	-	-	1,489
Computer software	10,012	2,929	224	13,165	2,174	33	15,372	-
Furniture and fixtures	2,557	561	-	3,118	-	-	3,118	15,153
Equipment	13,902	3,052	-	16,954	-	-	16,954	28,004
Field trips	1,994	438	-	2,432	-	-	2,432	580
Fundraising	-	-	-	-	-	12,740	12,740	-
Miscellaneous	18,961	4,911	1,223	25,095	3,327	531	28,953	16,668
	<u>\$ 1,208,542</u>	<u>\$ 352,245</u>	<u>\$ 112,654</u>	<u>\$ 1,673,441</u>	<u>\$ 236,784</u>	<u>\$ 16,534</u>	<u>\$ 1,926,759</u>	<u>\$ 1,589,407</u>

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO THE BOARD OF TRUSTEES OF  
COMMUNITY ROOTS CHARTER SCHOOL

We have audited the financial statements of Community Roots Charter School (“the School”) as of and for the year ended June 30, 2008, and have issued our report thereon dated October 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the School’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The School’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the School’s financial statements that is more than inconsequential will not be prevented or detected by the School’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School’s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

TO THE BOARD OF TRUSTEES OF  
COMMUNITY ROOTS CHARTER SCHOOL

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that were reported to the management of the School in a separate letter dated October 17, 2008.

This report is intended solely for the information and use of management, the audit committee, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
FRUCHTER ROSEN & COMPANY, P.C.  
Certified Public Accountants

New York, New York  
October 17, 2008



## **Section IV**

### **Audited Financial Statements**

Note: Audited Financial Statements will be submitted as instructed by November 1, 2008

COMMUNITY ROOTS CHARTER SCHOOL

MANAGEMENT LETTER

JUNE 30, 2008

FRUCHTER ROSEN & COMPANY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
156 WEST 56<sup>TH</sup> STREET  
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TEL: (212) 957-3600  
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October 17, 2008

Board of Trustees  
Community Roots Charter School  
51 Saint Edwards Street, Third floor  
Brooklyn, NY 11205

In planning and performing our audit of the financial statements of Community Roots Charter School ("The School") as of and for year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the School's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our observations and recommendations regarding those matters. We will review the status of these comments during our next audit engagement. We have already discussed many of these observations and recommendations with management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

The School's written response to the observations has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them

The report is intended solely for the information and use of management, board of trustees, New York State Education Department, and others within the school and is not intended to be and should not be used by anyone other than these specific parties.

Sincerely,

  
FRUCHTER ROSEN & COMPANY, P.C.  
Certified Public Accountants

**COMMUNITY ROOTS CHARTER SCHOOL  
MANAGEMENT LETTER  
CONTENTS  
JUNE 30, 2008**

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**COMMUNITY ROOTS CHARTER SCHOOL  
MANAGEMENT LETTER**

**EXHIBIT I – CURRENT YEAR OBSERVATIONS**

**A. PROCUREMENT OF GOODS AND SERVICES**

**Observation**

We noted the following exceptions regarding the School’s procurement system during our test of 25 samples transactions for fiscal 2008:

- Purchase orders/invoices to document prior authorization and/or approval were not consistently used. Four instances where approval signatures on the purchase orders/invoices are missing but checks were drawn to pay for the goods.
- Six instances where we noted no evidence of cancelation on purchase invoice when paid

**Recommendation**

The School should enforce the procurement policies and procedures that are outlined in its fiscal policies and procedures manual. The School should document in writing all decisions that are not consistent with policy. If such situations are common, consideration should be given to modifying the policy.

**Management response**

Management is in agreement and we will implement the recommendations.

**B. INCOMPLETE STUDENT FILES**

**Observation**

We noted the following exceptions during our test of 25 student files:

- Three student files do not contain proof of residency.
- Seven student files do not contain an ethnic identification form.
- Seven student files do not contain a media release form.

**Recommendation**

In an effort to ensure that student records are complete, we recommend that the School’s checklist should be utilized periodically to insure that information is complete and updated for each student file.

**Management’s response**

Management is in agreement and we will implement the recommendations.

**COMMUNITY ROOTS CHARTER SCHOOL  
MANAGEMENT LETTER**

**C. CAPITAL ASSETS**

**Observation**

We noted the following matters related to the School's capital assets:

- The School maintains an inventory listing of property and equipment by room location. The inventory is identified, tagged and entered into a detailed fixed asset ledger. However, this fixed asset ledger does not contain a clear trail to the fixed asset register maintained in the books and records of the School.
- Postage, shipping and other charges associated with capital assets were not capitalized.

**Recommendation**

As indicated in the School's policies and procedures, fixed assets acquisitions should be identified, tagged and entered into a detailed fixed asset ledger. Tags should be placed in a visible area and there should be a clear trail of tracing the capital asset to the fixed asset ledger maintained by the School. On an annual basis, the School should take a physical inventory of all capital assets to ensure the completeness and accuracy of the School's records.

Acquired fixed assets should be stated at acquisition cost, including all costs necessary to bring the asset to its location in working condition.

**Management's response**

Management is in agreement and we will implement the recommendations.

**COMMUNITY ROOTS CHARTER SCHOOL  
MANAGEMENT LETTER**

**EXHIBIT II – STATUS OF PRIOR YEAR OBSERVATIONS**

In conjunction with performing the audit of the School’s financial statements for the year ended June 30, 2008, we followed up on the status of implementation of audit recommendations which were made during the period ended June 30, 2007.

**A. Cash Disbursements**

Condition:

While testing cash disbursements, in isolated incidents during the school’s start-up phase, we noted supporting documentation was not always present, supporting purchase invoices were not always canceled when paid, and written approval for payments were not always noted on purchase invoice.

Recommendation:

To reduce the risk of duplicate payments for purchases and the issuance of unauthorized disbursements, we recommend that invoices contain written evidence of cancellation and authorization should be noted in the form of a signature on invoice voucher.

Current Year Status

During fiscal 2008, we noted several exceptions in regard to the School’s procurement procedures in observation A Exhibit I.

**B. Escrow account for dissolution:**

Condition:

Under the provision of its charter, the school must establish an escrow account no less than \$25,000 to pay for legal and audit expenses that would be associated with a dissolution should it occur. Management is aware of the restricted cash and has set aside the \$25,000 as part of the cash maintained by their fiscal agent “New Visions”.

Recommendation:

The school should establish a separate interest earning account and maintain a minimum balance of \$25,000. This account should be segregated on the schools chart of accounts as restricted cash. This will improve the schools cash management practices when preparing an operating budget and cash projections.

Current Year Status

The School established and maintained a separate interest bearing account during fiscal 2008

**COMMUNITY ROOTS CHARTER SCHOOL  
MANAGEMENT LETTER**

C. **Cash management:**

Condition:

The school contracted “New Visions” to serve as fiscal agent for grants and contributions the school may receive. This was established pursuant to donor concern regarding the tax deductibility of their contributions to the school. Currently, the school has received a determination letter from IRS in which the school was deemed to be a 501(c)(3) tax exempt organization.

Recommendation:

We recommend that the school request balance of funds in the “New Visions” account and receive contributions directly from donors. This will save the school 4% of total contributions received by the fiscal agent.

Current Year Status

The School received the IRS determination letter and is no longer using the fiscal agent

D. **Registration with the charities bureau**

Condition:

The school filed an incomplete registration with the New York State Charities Bureau. This resulted in a requirement to file an annual return.

Recommendation:

Even though the school is exempt from filing a New York State annual report (form Char 500), it should properly amend its registration with the Charities Bureau. A proper registration will establish the school as an organization exempt from annual state filings. The form used to register is char 410-A (amended registration statement).

Current Year Status

The School is currently in the process of filing an amended registration and anticipates resolution during fiscal 2009

**COMMUNITY ROOTS CHARTER SCHOOL  
MANAGEMENT LETTER**

E. **Insurance coverage**

Condition:

We noted insurance coverage under EDP property is limited to \$30,000. We also noted the employee dishonesty is limited to \$50,000. We believe the school is under insured in regards to the above coverage.

Recommendation:

We recommend an increase of coverage for EDP property to cover, at minimum, the cost maintained in your fixed assets register and an increase of employee dishonesty coverage to an amount that covers maximum cash held by the school at any one time during the year.

Current Year Status

During fiscal 2008, we noted that the School increased its coverage under EDP property and employee dishonesty to \$152,300 and \$250,000 respectively.